

Registration No. 07328440 (England and Wales)  
Charity No. 1138657

**RED BALLOON OF THE AIR**

(a company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2022**

**RED BALLOON OF THE AIR**  
**(a company limited by guarantee)**

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**RED BALLOON OF THE AIR**  
**(a company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND  
ADVISORS FOR THE YEAR ENDED 31 AUGUST 2022**

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**CHARITY REGISTRATION NUMBER** 1138657

**COMPANY REGISTRATION NUMBER** 07328440

**TRUSTEES**

Dr C Herbert  
Mr S J Webster  
Ms Ruth Loshak  
Rev Prof M J Reiss

**KEY MANAGEMENT PERSONNEL**

Michelle Williams, Christina Smith, Wendy Bucktrout, David  
Golding, Leanne Thurston

**PRINCIPAL / REGISTERED OFFICE**

Willow Lodge  
37 High Street  
Milton  
Cambridge  
England  
CB24 6DF

**INDEPENDENT AUDITORS**

Price Bailey LLP  
Chartered Accountants & Statutory Auditors  
Tennyson House  
Cambridge Business Park  
Cambridge  
CB4 0WZ

**BANKERS**

CAF Bank Ltd  
25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent  
ME19 4JQ

# **RED BALLOON OF THE AIR**

**(a company limited by guarantee)**

## **TRUSTEES' REPORT (INCORPORATING A DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2022**

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The trustees (who are also the Directors of the Charitable Company for the purposes of Company Law) present their report and the audited financial statements of the charity for the year ended 31 August 2022. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

### **1. STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **a. Constitution**

The company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 28 July 2010 that was amended on 16 July 2015.

The principal objectives of the charity are to advance the education of students aged 9 to 18, being students who are the victims of bullying, or by reason of other emotional trauma or illness, are for the time being unable to attend mainstream schools, including, but not limited to, providing them with online tuition and appropriate online and face to face therapy and support.

#### **Governance of Red Balloon of the Air (RBAir)**

RBAir has been under the direct control of Red Balloon Educational Trust (formerly Red Balloon Learner Centre Group), Company No. 5385341, since its registration. In October 2021, the majority of the operations, assets and liabilities of Red Balloon of the Air were transferred to Red Balloon Educational Trust. 'Red Balloon of the Air' has been registered as a working name of Red Balloon Educational Trust with the Charity Commission. The RBAir Head Teacher and Senior Leadership Team continue to work with the Red Balloon Educational Trust Trustees to develop RBAir's services in line with current best practice and inspectorate requirements.

The one outstanding liability in RBAir, being a lease on a property in Danbury, Essex, which is used as a second base for its students, was transferred to Red Balloon Educational Trust (RBET) in April 2023.

#### **b. Method of appointment or election of trustees**

The governance of the charity is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association.

All trustee roles have detailed job descriptions. Potential trustees are identified by various methods. If it is deemed desirable to recruit a trustee with a particular set of skills, relevant experience or interest, such as in human resources, legislation or fundraising, existing trustees are asked to propose people. In some cases, the Charity is approached by a person who expresses an interest in volunteering to help with its work. Trustees for specific roles may also be sought through the use of a specialist recruitment agency. Potential trustees are invited to an interview with at least two of the trustees who then make a recommendation about an appointment at a trustee board meeting. After receiving a recommendation of appointment, trustees vote to confirm this. No person or external body other than the trustees is entitled to appoint trustees.

New trustees are required to have a DBS check to ensure their suitability to work with young people, to complete Prevent and Safeguarding training and to provide certificates confirming completion.

# **RED BALLOON OF THE AIR**

**(a company limited by guarantee)**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022**

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### **2. OBJECTIVES AND STRATEGIES**

In setting objectives and planning for activities, the trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit.

RBAir's provision involves both online and face-to-face learning and therapeutic support for children who can no longer access education. RBAir has developed its provision in Cambridgeshire, Norfolk, Hertfordshire and Essex and RBET continues to explore new markets for its services. Commissioners are increasingly aware of and interested in the potential that distance learning combined with local personal and social support holds for isolated children. RBAir has essentially developed a way to move many aspects of a school to a student in their moment of need. The student can re-engage with their education and access all the support necessary to prepare personally and practically for the next phase of their education and life.

All parts of Red Balloon help to raise awareness of the needs of children who have severe anxiety and/or mental health issues as a result of bullying or some other trauma and who therefore cannot attend mainstream school despite wanting an education. Red Balloon offers such children a way to reconnect with their education.

### **3. ACHIEVEMENTS AND PERFORMANCE**

RBAir was established to offer education and therapeutic support through its virtual centre. This provision will continue from within the RBET charity.

The academic year began with RBAir providing its services to 66 students, who then transferred to RBET at the merger date. The RBAir provision included academic support for students, supported social skills development, and structured wellbeing/therapy sessions.

Achievement and performance at RBAir were measured by attendance and the engagement level of each student in their education, the increase in self-esteem and confidence of each student, their ability to hold their own in the wider world, their understanding of themselves and others, and their return to appropriate mainstream or further education or employment. This was alongside the usual expectations of academic progress in sessions and outcomes in external exams such as GCSEs.

RBAir met all requirements in relation to safeguarding matters. All safeguarding policy, procedural and operational matters are reviewed and updated annually.

The RBAir provision continues as part of the wider RBET group, the experience of the student being largely unaffected by the merger. The aim is to continue to grow the provision within the RBET group so that it becomes accessible to the increasing number of students who need it.

### **4. FINANCIAL REVIEW**

Income for the year was £176,068 (2021: £1,635,834), of which £155,493 relates to fees from the period 1 Sept 2021 to 12 October 2021.

The net result for the year was a surplus of £30,806 compared to a surplus of £221,004 in 2020-2021. This was after transferring the main business to Red Balloon Educational Trust in October 2021.

# **RED BALLOON OF THE AIR**

**(a company limited by guarantee)**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022**

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### **5. FUNDRAISING STANDARDS INFORMATION**

Fundraising was carried out on behalf of RBAir by a small team of professional fundraising staff employed by Red Balloon Educational Trust (RBET).

RBET has registered with the Fundraising Regulator to demonstrate its commitment to transparent charity management and adherence to the Code of Fundraising Practice. Supporters have the right to know that the Charity can be trusted to be open and honest and that they will be treated with care and respect. The Charity's fundraising promise, published on its website, explains what supporters can expect from it and what to do if they have any concerns.

The online data protection statement has been expanded so supporters can see how RBET manages and uses their data within the General Data Protection Regulations. They are invited to change the way the Charity communicates with them at any time. The fundraising team has introduced the Donorfy Customer Relationship Management system to ensure that its donor data is held appropriately and securely. This forms an integral part of achieving readiness for growth.

RBET's fundraising activities continue to be almost exclusively focused on approaches to grant-making bodies as well as high-net-worth individuals. It does not engage in any activities that put vulnerable people and others at risk from unreasonable intrusion on their privacy, unreasonably persistent approaches or undue pressure to give. RBET does not engage in telephone or reciprocal marketing for fundraising purposes. No fundraising activities have been subcontracted out or carried out 'on behalf of' the Charity. No complaints have been received about the fundraising activity of the Charity.

### **5. PUBLIC BENEFIT**

RBAir provided educational and therapeutic services to children (9-18) who had been so traumatised (by bullying, physical violence, family breakdown etc) that they excluded themselves from school. Students supported by RBAir were provided with individual full-time academic, pastoral and therapeutic programmes.

Research by NatCen in 2011 estimated that 16,000 11-15 year olds in England are absent from secondary school where bullying is the primary cause of absence. Over 77,000 are estimated to be absent from state school where bullying is a contributory reason given for absence.

RBET sees a need for much wider access in the UK to provision of the sort that it RBAir has been providing, and aims to continue to grow the provision.

Red Balloon improves the skills and life opportunities of a group of socially isolated, confidence-lacking and ignored children who are out of school. Red Balloon contributes to stronger communities by identifying and addressing the problem of bullied and traumatised children with the help of the community and for the benefit of the community.

**RED BALLOON OF THE AIR**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**6. TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Red Balloon of the Air for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

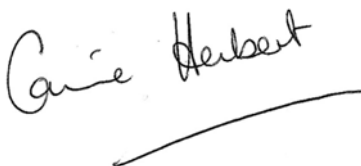
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report, which has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

This report was approved by the Board on 31<sup>st</sup> May 2023 and signed on its behalf by:



**Dr C Herbert**

**RED BALLOON OF THE AIR**  
**(a company limited by guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**RED BALLOON OF THE AIR**

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**Opinion**

We have audited the financial statements of Red Balloon of the Air (the 'charitable company') for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



**RED BALLOON OF THE AIR**  
**(a company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RED BALLOON OF THE AIR**

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Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**RED BALLOON OF THE AIR**  
**(a company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RED BALLOON OF THE AIR**

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity and how it operates and considered the risk of the charity not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements. In relation to the charity this included employment law, financial reporting and health & safety.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

- We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness.
- We reviewed minutes of Trustee Board meetings, any correspondence with the Charity Commission and reviewed the procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission.
- We agreed the financial statement disclosures to underlying supporting documentation, made enquiries of management and officers of the charitable company regarding laws and regulations applicable to the organisation and discussed whether there had been any known breaches of laws and regulations in order to consider any possible further considerations or impact upon the charity.
- We reviewed the risk management processes and procedures in place and reports reviewed by the board.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**RED BALLOON OF THE AIR**  
**(a company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RED BALLOON OF THE AIR**

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**Use of Report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Helena Wilkinson BSc FCA DChA (Senior Statutory Auditor)

for and on behalf of  
**PRICE BAILEY LLP**

Chartered Accountants  
Statutory Auditors

Tennyson House  
Cambridge Business Park  
Cambridge  
CB4 0WZ

Date: 31 May 2023

# RED BALLOON OF THE AIR

(a company limited by guarantee)

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Unrestricted £	Restricted £	2022 Total £	2021 Total £
<b>INCOME</b>					
Donations and grants	2	8,176	5,000	13,176	108,333
Charitable activities	3	162,859	-	162,859	1,527,455
Investment income	4	33	-	33	48
<b>Total income</b>		<b>171,068</b>	<b>5,000</b>	<b>176,068</b>	<b>1,635,836</b>
<b>EXPENDITURE</b>					
Charitable activities	5	(527,335)	(28,170)	(555,505)	1,414,832
<b>Total expenditure</b>		<b>(527,335)</b>	<b>(28,170)</b>	<b>(555,505)</b>	<b>1,414,832</b>
<b>Net (expenditure) / income</b>		<b>(356,267)</b>	<b>(23,170)</b>	<b>(379,437)</b>	<b>221,004</b>
<b>Net movement in funds</b>		<b>(356,267)</b>	<b>(23,170)</b>	<b>(379,437)</b>	<b>221,001</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	15	387,073	23,170	410,243	189,239
<b>Total funds carried forward</b>	14	<b>30,806</b>	<b>-</b>	<b>30,806</b>	<b>410,243</b>

All amounts relate to discontinued activities of the charitable company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes to the accounts are shown on pages 13 to 23.

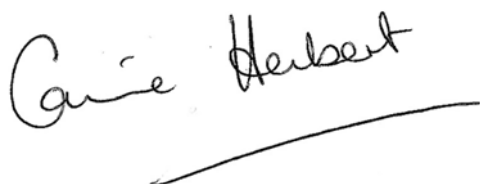
**RED BALLOON OF THE AIR**  
(a company limited by guarantee)  
**REGISTERED COMPANY NUMBER: 07328440**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2022**

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	-	16,764
<b>TOTAL FIXED ASSETS</b>		-	<b>16,764</b>
<b>CURRENT ASSETS</b>			
Debtors	12	16,016	152,281
Cash at bank and in hand		24,380	540,947
<b>TOTAL CURRENT ASSETS</b>		<b>40,396</b>	<b>693,228</b>
<b>LIABILITIES</b>			
Creditors: amounts falling due within one year	13	(9,590)	(299,749)
<b>NET CURRENT ASSETS</b>		<b>30,806</b>	<b>393,479</b>
<b>TOTAL NET ASSETS</b>		<b>30,806</b>	<b>410,243</b>
<b>FUNDS OF THE CHARITY:</b>			
Restricted funds	14	-	23,170
General funds	14	30,806	387,073
<b>TOTAL FUNDS</b>		<b>30,806</b>	<b>410,243</b>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Trustees on 31<sup>st</sup> May 2023 and signed on their behalf by:



**Dr C Herbert**

The attached notes on pages 13 to 23 form part of these financial statements.

# RED BALLOON OF THE AIR

(a company limited by guarantee)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2022

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	Notes	2022 £	2021 £
<b>Cash Flows from Operating Activities</b>			
Net cash provided by / (used in) operating activities	19	(515,934)	134,026
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		(633)	(12,293)
Proceeds from sales of property, plant and equipment		-	-
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(516,567)</b>	<b>121,733</b>
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the reporting period		540,947	419,214
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>24,380</b>	<b>540,947</b>
		<hr/> <hr/>	<hr/> <hr/>

The attached notes on pages 13 to 23 form part of these financial statements.

# **RED BALLOON OF THE AIR**

**(a company limited by guarantee)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022**

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### **1 Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)) Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity constitutes a public benefit entity as defined by FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are presented in sterling, which is the functional currency of the charity.

The Charity is registered in England and Wales. The address of the Charity's registered office is shown on page 1.

#### **1.2 Going Concern**

The Charity transferred its operations, assets and liabilities to its parent company, Red Balloon Educational Trust on 12 October 2021. All assets were transferred at realisable value which is the same as the fair value shown in the accounts and no impairment has been necessary. The trustees have prepared the financial statements on the basis that the charity is a going concern and it is the intention that it will become dormant for a period of time before considering closure.

#### **1.3 Legal status of the Charity**

There is no share capital as the company is limited by guarantee. The number of members during the year was 1 (2021: 1). Each member has guaranteed an amount, not exceeding £10, towards the company's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order.

#### **1.4 Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

# RED BALLOON OF THE AIR

(a company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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### 1.5 Income

All income is included in the Statement of Financial Activities when the company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Income from charitable activities relates to school fee income which is invoiced in advance at the start of each term. Fee income is recognised on a monthly basis as teaching occurs and fees received for future months are deferred as shown in note 13.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Donations, grants and gifts are recognised when receivable. In the event that a grant is subject to fulfilling performance conditions before the charity is entitled to the funds, the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period. Income from Gift Aid tax reclaims is recognised for any donations with relevant Gift Aid certificates and recognised in income in the year. Any Gift Aid amounts not received by the year end are accounted for in income and accrued income in debtors.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

### 1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

Redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the charity is demonstrably committed to either:

- Terminate the employment of an employee or group of employees before normal retirement date; or
- Provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The charity is considered to be demonstrably committed only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan.

Where costs cannot be directly attributed to particular headings they have been allocated to activities based upon staff numbers.

### 1.7 Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated off the cost on a straight line basis over their expected useful economic lives as follows:

Office equipment	33.33% on cost
Computer equipment	50% on cost
Leasehold Improvement	33.3%

Assets are reviewed for any indications of impairment at each balance sheet date.



# **RED BALLOON OF THE AIR**

## **(a company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022**

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#### **1.8 Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

#### **1.9 Cash at bank and In hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### **1.10 Creditors**

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

#### **1.11 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Fixed assets are recorded at depreciated historical cost and all other assets and liabilities are recorded at cost which is their fair value.

#### **1.12 Pensions**

Employees of the charity are entitled to join a defined contribution pension scheme. The charity contribution is restricted to the contributions disclosed in note 8.

#### **1.13 Operating Leases**

Operating leases are recognised over the period of which the lease falls due on a straight-line basis.

#### **1.14 Significant Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. These include depreciation, debtor recoverability and bad debts. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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**2 Donations and grants**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Grants	5,000	75,009
Bursaries	7,276	7,700
Other donations	900	25,624
	<u>13,176</u>	<u>108,333</u>

Restricted donations and grants received during the year amounted to £5,000 (2021 – £75,009) and unrestricted donations amounted to £8,176 (2021 - £33,324).

**3 Income from Charitable Activities**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Teaching and support of bullied children	148,217	1,527,455
	<u>148,217</u>	<u>1,527,455</u>

All income from charitable activities was attributable to unrestricted funds in both the current year and prior year.

**4 Investment Income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest income	33	48
	<u>33</u>	<u>48</u>

All income from investments was attributable to unrestricted funds in both the current year and prior year.

**5 Analysis of expenditure by activity – current year**

	<b>Direct Costs</b>	<b>Support costs (note 6)</b>	<b>2022 costs</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Charitable activities:</b>			
Teaching and support of bullied children	522,667	32,838	555,505
	<u>522,667</u>	<u>32,838</u>	<u>555,505</u>

**Analysis of expenditure by activity – prior year**

	<b>Direct Costs</b>	<b>Support costs (note 6)</b>	<b>2021 costs</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Charitable activities:</b>			
Teaching and support of bullied children	1,322,956	91,876	1,414,832
	<u>1,322,956</u>	<u>91,876</u>	<u>1,414,832</u>

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Expenditure on charitable activities includes £527,335 (2021 - £1,280,923) spent from unrestricted funds and £28,170 (2021 - £133,909) spent from restricted funds.

<b>6 Analysis of support costs</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Property	14,764	14,318
Finance and Professional	5,086	44,910
Levy expense	5,419	19,200
Staff costs	-	10,038
Governance – audit fees	6,348	3,410
Other support costs	1,221	
	<u>32,838</u>	<u>91,876</u>

<b>7 Analysis of staff costs and key management personnel</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	121,343	1,015,081
Social security costs	9,945	74,431
Pension	2,641	19,654
	<u>133,930</u>	<u>1,109,166</u>

The average monthly head count was as follows:

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Charitable activities	<u>63</u>	<u>68</u>

No employee received remuneration amounting to more than £60,000 in either year.

During the year, no Trustees received any reimbursements of expenses (2021 - £Nil).

The charity considers its key management personnel to comprise of 5 people (2021: 5 people). During the year, the total employment benefits of these 5 included gross pay £ 18,370 (2021: £151,207), employers national insurance £1,840 (2021: £15,572) and employers pension costs of £385 (2021: £3,426).

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**8 Pension costs**

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Contributions payable by Red Balloon of the Air amounted to £2,641 (2021 - £19,654). The amount of outstanding contributions payable to the pension fund at the balance sheet date was £Nil (2021 - £Nil).

**9 Net income**

	2022 £	2021 £
Net income is stated after charging:		
(Profit)/Loss on sale of fixed assets	16,653	-
Operating lease rentals – land and buildings	25,828	108,958
Depreciation of charitable assets owned by the charity	744	11,862
Auditor's remuneration:		
- for audit services	5,898	5,500
- for non-audit services	450	450
	<u>          </u>	<u>          </u>

**10 Taxation**

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. of Chargeable Gains Act 1992 to the extent that these are applied for charitable purposes.

**11 Tangible fixed assets**

	Computer equipment £	Office equipment £	Leasehold Improvements £	Total £
<b>Cost</b>				
At 1 September 2021	121,266	7,287	13,363	141,916
Additions	633	-	-	633
Intra-group transfer	(121,899)	(7,287)	(13,363)	(142,549)
At 31 August 2022	-	-	-	-
<b>Depreciation</b>				
At 1 September 2021	115,420	7,069	2,663	125,152
Charge for the year	331	42	371	744
Intra-group transfer	(115,751)	(7,111)	(3,034)	(125,896)
At 31 August 2022	-	-	-	-
<b>Net book value</b>				
At 31 August 2021	5,846	218	10,700	16,764
At 31 August 2022	-	-	-	-

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**12 Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	-	94,995
Amount due from group undertakings	14,642	26,188
Other debtors	-	270
Prepayments and accrued income	1,374	30,825
	<u>16,016</u>	<u>152,278</u>

**13 Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade creditors	-	3,389
Amounts owed to group undertakings	968	35,198
Social security and other taxes	-	16,190
Accruals and deferred income	8,622	244,972
	<u>9,590</u>	<u>299,749</u>

**Deferred income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 September	222,158	343,537
Income deferred during the year	-	222,158
Amounts released from previous years	(222,158)	(343,537)
	<u>-</u>	<u>222,158</u>

Deferred income relates to school term fees, being unrestricted income, invoiced in advance.

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**14 Funds analysis – current year**

	Balance at 01/09/2021 £	Income £	Expenditure £	Transfers £	Balance at 31/08/22 £
<b>Unrestricted funds</b>					
General funds	387,073	171,068	(527,335)	-	30,806
<b>Total unrestricted funds</b>	<b>387,073</b>	<b>171,068</b>	<b>(527,335)</b>	<b>-</b>	<b>30,806</b>
<b>Restricted funds</b>					
Funding for mentors	-	-	-	-	-
Funding to develop RB Air provision	23,170	5,000	(28,170)	-	-
Funding for student resources	-	-	-	-	-
<b>Total restricted funds</b>	<b>23,170</b>	<b>5,000</b>	<b>(28,170)</b>	<b>-</b>	<b>-</b>
<b>Total funds</b>	<b>410,243</b>	<b>176,068</b>	<b>(555,505)</b>	<b>-</b>	<b>30,806</b>

**15 Funds analysis – prior year**

	Balance at 01/09/20 £	Income £	Expenditure £	Transfers £	Balance at 31/08/21 £
<b>Unrestricted funds</b>					
General funds	147,634	1,560,827	(1,321,388)	-	387,073
<b>Total unrestricted funds</b>	<b>147,634</b>	<b>1,560,827</b>	<b>(1,321,388)</b>	<b>-</b>	<b>387,073</b>
<b>Restricted funds</b>					
Funding for mentors	-	60,317	(60,317)	-	-
Funding to develop RB Air provision	41,605	14,692	(33,217)	-	23,170
Funding for student resources	-	-	-	-	-
<b>Total restricted funds</b>	<b>41,605</b>	<b>75,009</b>	<b>(93,444)</b>	<b>-</b>	<b>23,170</b>
<b>Total funds</b>	<b>189,239</b>	<b>1,635,836</b>	<b>(1,414,832)</b>	<b>-</b>	<b>410,243</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

### 15 Funds analysis

Funding for Regional Scouts and Mentors includes funds provided to support the development of the Red Balloon of the Air programme, and to continue the provision of therapeutic support and mentoring to students.

Funding to develop RBAir provision consists of funds awarded to help with the growth and development of Red Balloon of the Air.

Funding for Student Resources includes grants for resources to aid in the online education provision.

### 16 Analysis of net assets by funds – current year

	Restricted Funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	-	-
Current assets	-	40,395	40,395
Creditors due within one year	-	(9,590)	(9,590)
	-	30,806	30,806

### 16 Analysis of net assets by funds – prior year

	Restricted Funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	16,764	16,764
Current assets	23,170	670,055	693,228
Creditors due within one year	-	(299,749)	(299,749)
	23,170	387,070	410,240

### 17 Related party transactions

#### Analysis of related parties – current year

	Debtor £	Creditor £	Income £	Expenditure £
Red Balloon Educational Trust	14,642	968		
Red Balloon Norwich	-	-	-	-
Red Balloon Reading	-	-	-	-
Red Balloon Cambridge	-	-	-	-
Red Balloon North West London	-	-	-	-
	14,642	968	-	-

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

### 17 Related party transactions (continued)

#### Analysis of related parties – prior year

	Debtor £	Creditor £	Income £	Expenditure £
Red Balloon Educational Trust	4,286	34,758	7586	27,496
Red Balloon Norwich	18,413	-	126,592	112,345
Red Balloon Reading	1,802	-	34,532	30,064
Red Balloon Cambridge	-	-	4,625	6,497
Red Balloon North West London	1,687	440	74,589	81,647
	<u>26,188</u>	<u>35,198</u>	<u>247,924</u>	<u>258,049</u>

Red Balloon Educational Trust, Red Balloon Reading and Red Balloon Cambridge are group member charities.

There are no other related party transactions to note.

### 18 Controlling party

Red Balloon of the Air is owned 100% and controlled by Red Balloon Educational Trust, a company limited by guarantee and registered in England and Wales (registered company number: 05385341) and a registered charity with the Charity Commission (registered charity number: 1109606).

The principal purpose and activities of Red Balloon Educational Trust are to continue to raise public and political awareness of the plight of self-excluding children, to support the setting up of new Red Balloon Learner Centres, to raise money to do so and to monitor, maintain and, if possible, improve the quality of provision offered by existing Red Balloon Learner Centres. It can exercise control through having power to remove or appoint trustees.

The results of Red Balloon of the Air are consolidated into the accounts of Red Balloon Educational Trust and in October 2021, the operations, assets and liabilities of Red Balloon of the Air were transferred to Red Balloon Educational Trust.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**19 Reconciliation of net expenditure to net cash flow from operating activities**

	2022 £	2021 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>(379,437)</b>	<b>221,004</b>
<b>Adjustments for:</b>		
Depreciation charges	744	11,861
Profit/ (Loss) on disposal of tangible fixed assets	16,653	-
(Increase)/ Decrease in debtors	136,265	26,369
Increase/ (decrease) in creditors	(290,159)	(125,208)
<b>Net cash provided by / (used by) operating activities</b>	<b><u>(515,934)</u></b>	<b><u>134,026</u></b>

**20 Analysis of net debt**

	At Beginning of Year £	Cash Flows £	At End of Year £
Cash and cash equivalents	540,947	(516,567)	24,380
<b>Total Net Debt</b>	<b><u>540,947</u></b>	<b><u>(516,567)</u></b>	<b><u>24,380</u></b>

**21 Operating leases**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and Buildings 2022 £	2021 £
Within one year	15,000	9,000
Within two to five years	10,563	-
After more than five years	-	-
	<u>25,563</u>	<u>9,000</u>